

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Thomson Analyst: LuAnna Hass Bill Number: AB 1686

Related Bills: See Prior Analysis Telephone: 845-7478 Amended Date: August 21, 2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Rice Straw Utilization Program/Reallocate Funds From Rice Straw Tax Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

☒ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended July 5, 2001.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS July 5, 2001, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would develop a program to provide financial assistance to rice growers and end users of rice straw.

This analysis will address the bill only as it impacts the department's programs and operations.

SUMMARY OF AMENDMENT

The August 21, 2001, amendments would make various changes to the language regarding financial assistance for growers of rice straw. Specifically, the amendments would:

- * remove the language that reallocated the unused appropriations provided for grants for the use of rice straw and the state rice straw tax credits; and instead
- * require an amount that is equivalent to the funds available to fund the rice straw tax credit from January 1, 1999, through December 31, 2007, to be appropriated from the General Fund to the Rice Straw Utilization Program (RSUP) Account. In addition, the amount will be decreased by the total amount certified by the Franchise Tax Board (FTB) as being used to provide the tax credits through December 31, 2001.

The August 21 amendments resolved the department's implementation concerns as discussed in the department's analysis of the bill as amended July 5, 2001. As a result of the August 21 amendments, the department has identified new implementation concerns. The remainder of the department's analysis of the bill as amended July 5, 2001, still applies.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

09/05/01

POSITION

Pending.

IMPLEMENTATION CONSIDERATIONS

This bill incorrectly refers to FTB as the agency responsible for certifying the rice straw tax credit. The Department of Food and Agriculture (DFA) is required to certify the rice straw tax credits on a "first come, first served" basis and ensure that the aggregate amount for the calendar year does not exceed \$400,000.

In addition, this bill would require disclosure of the total amount of tax credits certified by FTB through December 31, 2001. Personal income tax returns may be filed, with extension, annually until October 15. Corporate returns may be filed even later, depending on when the taxpayer's fiscal year ends. The department generally processes returns within six months of receipt. For instance, the return due date for corporate taxpayers with fiscal years beginning December 1, 2000, and ending November 30, 2001, is February 15, 2002, and with extension, September 15, 2002. The department would complete processing of these returns by March 2003. Thus, the earliest that data from these corporate returns could be included in a report would be approximately June 2003. If the author's intent is to have complete information regarding the amount of rice straw tax credits for the 2001 taxable year, the December 31, 2001, date should be changed, or the author may wish to refer to DFA instead of FTB. Since the certification of the tax credit is completed by DFA by the end of the calendar year, the author may receive more timely information.

Further, this bill would require an amount to be appropriated into the RSUP account that is equivalent to the funds available to fund the rice straw tax credit from January 1, 1999, through December 31, 2007, less the total amount certified as being used to provide the rice straw tax credits through December 31, 2001. This language could be construed to allow a full \$400,000 appropriation each year from January 1, 2002, through December 31, 2007, instead of the difference between the \$400,000 and the amount certified as rice straw tax credits. It appears the intent of this bill is to appropriate an amount that is equivalent to the difference each year between the funds available (\$400,000) and the amount certified as rice straw tax credits. The author may wish to amend the bill to meet the intent.

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